

Message Text

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PAGE 01 GEORGE 01936 292129Z

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C O N F I D E N T I A L GEORGETOWN 1936

EXDIS

E.O. 11652: GDS

TAGS: EINV, EMIN, GY

SUBJECT: REYNOLDS: ELEVENTH HOUR CONCILIATION EFFORT BY LIONEL
LUCKHOO

1. SIR LIONEL LUCKHOO PHONED ME DURING LUNCH HOUR OCTOBER 29
TO REPORT CONVERSATIONS HE HAS HAD LAST FEW DAYS WITH BURNHAM ON
ONE HAND AND ROBERTS OF REYNOLDS ON OTHER IN LAST MINUTE EFFORT
TO AVERT AN ALL-OUT CONFRONTATION BETWEEN REYNOLDS AND GOG. HE
SAID IF MATTERS CONTINUED ON PRESENT COURSE RESULT WOULD BE IMMENSELY
HARMFUL, IF NOT TRAGIC, FOR ALL CONCERNED.

2. SIR LIONEL RECOUNTED INFORMAL TALK HE HAD WITH PM BURNHAM AND
MINMINES JACK AFTERNOON OCTOBER 27 BEFORE BURNHAM ADDRESSED PUBLIC
RALLY (GEORGETOWN 1925). HE SAID BURNHAM RESPONDED FAVORABLY WHEN
HE SUGGESTED DESIRABILITY OF LAST-DITCH EFFORT AT CONCILIATION,
IF ONLY ON PARTIAL BASIS DESIGNED TO EFFECT FINAL TRANSFER IN
ATMOSPHERE FREED OF ACRIMONY. HE SAID JACK REMINDED HIM THAT HE
HAD EARLIER PROPOSED A QUOTE PACKAGE DEAL END QUOTE AND ASKED
WHAT HAD HAPPENED TO THIS PROPOSAL. (COMMENT: I HAVE ONLY VAGUEST
RECOLLECTION OF SIR LIONEL MENTIONING TO ME RECENTLY HE WAS STILL
TRYING TO BE HELPFUL, BUT WITHOUT ANY SPECIFICS, NOR DID HE GO
INTO DETAIL ON PHONE.) SIR LIONEL SAID HE RESPONDED THAT HIS IDEA
OVERTAKEN BY RAPID PACE OF DEVELOPMENTS IN PAST TWO WEEKS AND THAT
HE HAD FELT IT DESIRABLE TO DIVORCE HIMSELF FROM IDEA. IN REALITY,
SIR LIONEL ADDED, HE HAD GOTTEN VIOLENTLY ADVERSE REACTION WHEN
HE BROACHED IDEA TO MCCONNEL AND ROBERTS, WITH FORMER ACCUSING HIM
OF PREJUDICING REYNOLDS LEGAL CASE, ETC; ETC.

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PAGE 02 GEORGE 01936 292129Z

3. OPPORTUNITY TO TEST FURTHER CLIMATE FOR CONCILIATION, ACCORDING TO SIR LIONEL, CAME IN PHONE CALL MORNING OCTOBER 29 FROM ROBERTS, WHO ASKED HIM TO SOUND OUT BURNHAM ON WHETHER GOG WOULD BE INTERESTED IN TAKING DELIVERY ON SUBSTANTIAL QUANTITY OF NEW EQUIPMENT WHICH REYNOLDS HAD ORDERED EARLY THIS YEAR AND WHICH NOW AVAILABLE FOR SHIPMENT. SIR LIONEL SAYS HE AGREED TO DO THIS BUT ASKED ROBERTS IF HE WOULD BE WILLING TO COME TO GEORGETOWN TO TALK OFF-RECORD WITH BURNHAM, WITHOUT PREJUDICE TO LEGAL POSITION OF REYNOLDS, IN EFFORT TO STAVE OFF ACCELERATING DRIFT TOWARD BITTER ALL-OUT HOSTILITY. ROBERTS SAID, ACCORDING TO LUCKHOO, THAT HE COULDN'T TAKE MUCH ENCOURAGEMENT FROM TENOR OF SPEECHES BY BURNHAM AND JACK IN LAST FEW DAYS, BUT HE WAS WILLING TO MAKE EFFORT, PROVIDED HE COULD BE GIVEN FORMAL ASSURANCE HE WOULD NOT BE ARRESTED, GOG WOULD GUARANTEE HIS PERSONAL SECURITY (AGAINST CRANK OR EXTREMIST ATTACKS), THERE WOULD BE NO PUBLICITY REGARDING HIS PRESENCE, AND TALKS WOULD BE OFF-RECORD WITHOUT PREJUDICE TO LEGAL POSITIONS OF EITHER PARTY.

4. SIR LIONEL CALLED BURNHAM OUT OF CABINET MEETING TO INFORM HIM OF ROBERT'S CALL. HE STATES BURNHAM EXPRESSED INTEREST IN TAKING DELIVERY OF EQUIPMENT, BUT WANTED TO KNOW DETAILS (ROBERTS HAD ALREADY AGREED TO SEND LUCKHOO A DETAILED LIST BY TELEX). REGARDING ROBERTS COMING TO GEORGETOWN, BURNHAM SAID HE WOULD WELCOME CHANCE TO TALK AND GAVE BLANKET GUARANTY ON CONDITIONS SET FORTH BY ROBERTS. REGARDING ARREST AND PERSONAL SAFETY, BURNHAM RECALLED HE HAD GIVEN ME ASSURANCES ON THIS SCORE WHEN I RAISED QUESTION IMMEDIATELY AFTER PRODUCTION LEVY ENACTED. HE SUGGESTED SIR LIONEL CHECK THIS OUT WITH ME DIRECTLY.

5. I TOLD SIR LIONEL IT WAS TRUE THAT BURNHAM HAD GIVEN ME SUCH ASSURANCE, BUT SUBJECT TO CAVEAT AGAINST QUOTE ACTS OF UTMOST CONTUMACY BY REYNOLDS END QUOTE. I SAID IN LIGHT OF BURNHAM'S SPEECH AT PUBLIC RALLY OCTOBER 27 I WOULD HAVE TO ASK MYSELF WHETHER BURNHAM CONSIDERED SUBSEQUENT ACTIONS BY REYNOLDS HAD REACHED THAT LEVEL OF CONTUMACY. SIR LIONEL SAID HE APPRECIATED MY POINT, BUT THOUGHT PERHAPS HE COULD GET AROUND THIS DIFFICULTY BY SENDING BURNHAM A NOTE CONFIRMING THE CONDITIONS BURNHAM HAD AGREED TO IN CONNECTION WITH POSSIBLE VISIT BY ROBERTS, ADDING THAT HE WAS SENDING ME A COPY OF NOTE. I RECEIVED AT ABOUT 1500 THE COPY OF SIR LIONEL'S HANDWRITTEN NOTE, WHICH READS AS FOLLOWS:

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PAGE 03 GEORGE 01936 292129Z

BEGIN TEXT. DEAR FORBES, MAY I CONFIRM PLEASE OUR BRIEF CONVERSATION A FEW MINUTES AGO, TO THIS EFFECT:

(A) IF DICK ROBERTS WERE TO COME TO GUYANA HE COULD BE ASSURED OF SAFE ENTRY, SAFE STAY UNTIL HE RETURNS. THERE WILL BE NO QUESTION OF INVOKING ANY LEGAL PROVISIONS TO AFFECT HIS FREEDOM,
(B) ANY TALKS HE HAS WITH YOU WILL BE OFF THE RECORD, CONFIDENTIAL, AND WITHOUT PREJUDICE,

(C) PUBLICITY IN ANY FORM WILL BE AVOIDED.

YOU MENTIONED THAT YOU GAVE MAX KREBS AN ASSURANCE, SO IN ORDER THAT ROBERTS MIGHT HAVE NO QUALMS I AM SENDING A COPY OF THIS TO KREBS. ROBERTS WILL BE RINGING ME LATER TODAY AND I WILL EXPLAIN AS ABOVE AND HOPE THAT THERE MIGHT BE SOME RESOLUTION. BLESS YOU. LIONEL END TEXT.

6. SIR LIONEL CONCLUDED CONVERSATION BY SAYING BURNHAM HAS RESPECT FOR ROBERTS ALONE AMONG REYNOLDS TOP MANAGEMENT, AND THAT ONLY REMAINING CHANCE TO SALVAGE MINIMUM OF ORDERLY, NON-EMOTIONAL UNDERSTANDING, REGARDING TAKE OVER OF REYNOLDS LIES IN DIRECT DISCUSSION BETWEEN ROBERTS AND BURNHAM, WITHOUT THIRD PARTIES OR INTERMEDIARIES. I SAID I WISHED HIM LUCK AND SHARED HIS DESIRE TO WIND UP REYNOLDS AFFAIR WITH MINIMUM OF HARD FEELINGS ON BOTH SIDES.

7. COMMENT: WHILE I AGREE WITH SIR LIONEL'S OBJECTIVE AND AM INCLINED TO ACCEPT BURNHAM'S PLEDGES REGARDING CONDITIONS UNDER WHICH ROBERTS VISIT AND TALKS WOULD TAKE PLACE, I HAVE TO ADD IN ALL CANDOR THAT I SEE LITTLE PROSPECT FOR DE-ESCALATING CONTROVERSY, GIVEN CONSTRAINTS UNDER WHICH BOTH PARTIES APPEAR TO BE OPERATING. STILL, THE BAIT OF EQUIPMENT DELIVERY DOES REPRESENT A TANGIBLE ADVANTAGE TO GOG, CONSIDERING RATE OF INFLATION AND LONG LEAD -TIMES INVOLVED, AND EVIDENCE OF REYNOLDS WILLINGNESS TO BE COOPERATIVE ON THIS SCORE MIGHT GIVE BURNHAM THE MEANS OF BACKING AWAY FROM HIS COLLISION COURSE.
KREBS

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